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ABSTRACT

Women have made slow, steady progress in the labor market since 1979, but the wage gap has not narrowed significantly. This briefing paper updates a September 1987 paper based on "Male-Female Differences in Work Experience, Occupations, and Earnings: 1984" (Current Population Reports, Household Economic Studies, Series P-70, No. 10, issued in August 1987). Current earnings data were drawn from "Money Income of Households, Families, and Persons in the United states: 1987" (Current Population Reports, Consumer Income, Series P-60, No. 162, issued February 1989) and unpublished Bureau of Labor Statistics data. The "wage gap" is defined as the annual female-male earnings ratio for full-time workers. The following highlights are briefly discussed: (1) there is confusion surrounding the actual wage gap because of changes in the way data are gathered; (2) the wage gap was not sharply reduced; (3) some reduction in the gap is due to a decrease in men's real earnings; (4) women's work interruptions for family reasons have little effect on the wage gap; (5) job segregation critically affects the wage gap; (6) Blacks and Hispanics of both sexes continue to earn less than Whites; and (7) women's participation and earnings are up in some but not all occupations. Statistical data are included on five tables. (FMW)

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BRIEFING PAPER #1: THE WAGE GAP

Women have made slow, steady progress in the labor market since 1979, but the wage gap has not narrowed significantly

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The annual female-male earnings ratio for full-time workers, known as the wage gap, was 65 percent in 1987.

Reports on the wage gap in recent years have popularized a female-male wage ratio of 70 percent, which, when compared to the 59 percent commonly used by many in the 1970's, suggests that women have suddenly made a great deal of progress in the labor market. But have women made sudden progress? And how much?

The National Committee on Pay Equity, with the assistance of economist Heidi Hartmann, releases this briefing paper on the wage gap to present a more accurate picture of women's progress in the labor market. The briefing paper was originally released in September 1987 following the Bureau of the Census, U.S. Department of Commerce's release of *Male-Female Differences in Work Experience, Occupations, and Earnings: 1984* (Current Population Reports, Household Economic Studies, Series P-70, No. 10, issued in August 1987).

Most of the Census Bureau report actually documents the continuing barriers to equal opportunity for women in the labor market, not any sudden progress. For example, in summing up the first half of the report, the Bureau states:

In spite of some recent progress, there is ample evidence that females are more likely to be in occupations that pay relatively low wages.

In the second half of the report, the Bureau presents a study of male-female earnings differences and concludes that sex segregation contributes substantially to women's lower earnings. The findings in the report are therefore supportive of pay equity, a strategy that stresses eliminating race- and sex-based wage discrimination.

This briefing paper is a re-release, as of April 1989, with current earnings data from the Census Bureau (*Money Income of Households, Families, and Persons in the United States: 1987*, Current Population Reports, Consumer Income, Series P-60, No. 162, issued February 1989) and the Bureau of Labor Statistics (unpublished).

Briefing Paper #1: The Wage Gap was prepared with the assistance of the Institute for Women's Policy Research, Heidi Hartmann, Director, 1400 20th Street, N.W., Suite 104, Washington, DC 20036. Telephone: (202) 785-5100.

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Highlights

- Female-male earnings ratio for full-time workers in 1987:

annual wage ratio	65.0 percent
weekly wage ratio	70.0 percent

(For more detail, see Table 1.)

- Between 1979 and 1987, the annual female-male earnings ratio increased from 59.7 to 65.0 percent.

- Seven-tenths of the improvement in the female-male earnings ratio represents growth in women's earnings; three-tenths represents a decline in men's earnings, which has occurred largely because of declining employment in high-wage industries.
(For more detail, see Table 2.)

- The more women in a job, the lower the pay.

- Seventeen to 30 percent of the wage gap is due to over-representation of women in certain occupations.

- Work interruptions of six months or more have not significantly affected the wage gap, even though more women than men have had such interruptions.
(For more detail, see Table 3.)

- Differences in skill and experience between women and men account for less than half the gap; 27 percent of the gap for non high-school graduates; 23 percent of the gap for high-school graduates; and 47 percent of the gap for college graduates.

Confusion surrounding actual wage gap

For full-time workers, the annual female-male wage ratio was 65.0 percent in 1987; the weekly female-male ratio was 70.0 percent in 1987 and 70.2 percent in 1988.

The more familiar data used to discuss female-male wage ratios are data for annual earnings, not weekly or hourly. The annual data have been available for a longer period of time, and are generally used to track changes over time. The earnings ratios are different in the different data series because of the effects of temporary, part-year and overtime work. As is shown in Table 1, hourly and weekly wages have generally shown a higher ratio of women's to men's wages.

Wage gap not sharply reduced

Since 1955, the female-male annual earnings ratio of full-time, year-round workers has hovered around 60 percent. It has been as low as 57 percent in 1973 and 1974 and as high as 64 percent in 1955, 1957 and again in 1983 and 1984. For the entire period from 1975 to 1981, the ratio was either 59 or 60 percent. But after 1981, the ratio has shown a steady climb to a relative peak of 65 percent in 1987.

This slow climb in the past few years does represent progress for women, but it is important to note, as Table 1 shows, that the ratio has been nearly as high several times in the past. Whether the ratio continues to improve depends on many factors:

- how strong the economy is;
- how many women (and men) enter or re-enter the labor market;
- how much education and experience women (and men) workers have;
- which jobs are available to women;
- how open employers are to identifying and eliminating wage discrimination in segregated jobs; and
- how strictly government agencies enforce EEO laws.

Some of these factors bode well for women's future earnings, others not so well. The recent improvement is real, but it has been slow, steady and small -- within the range of historical precedent.

A comparison of the annual series with the weekly series shows that the weekly female-male wage ratio is generally higher than the ratio from the annual data. In the 1970's, the weekly ratio was virtually stable, at 61 or 62, but has shown increases since 1980. Hourly earnings by sex are not generally published.

Table 1

Changes in Women's Earnings as a Percentage of Men's Among Full-Time Workers

Year	Median Annual Earnings (Year-Round)	Median Weekly Earnings (Usual)	Mean Hourly Earnings
1955	63.9		
1960	60.7		
1965	59.9		
1970	59.4	62.3	
1975	58.8	62.0	
1976	60.2	62.2	
1977	58.9	61.9	
1978	59.4	61.3	
1979	59.7	62.5	
1980	60.2	64.4	
1981	59.2	64.6	
1982	61.7	65.4	
1983	63.6	66.7	
1984	63.7	67.8	69.5*
1985	64.6	68.2	
1986	64.3	69.2	
1987	65.0	70.0	
1988	-	70.2	

Source: Data through 1983 are from Francine D. Blau and Marianne A. Ferber, The Economics of Women, Men and Work (Prentice-Hall, 1986.) Annual data for 1984, 1985, 1986

and 1987 are from the Census Bureau, U.S. Department of Commerce, Current Population Reports, Consumer Income, Series P-60, nos. 150, 154, 157 and 162. Weekly data for 1984 and 1985 are from the Census Bureau, U.S. Department of Commerce, Statistical Abstract of the United States: 1987, Table 680; 1986, 1987 and 1988 data are from the Bureau of Labor Statistics, unpublished.

* *Survey of Income and Program Participation (SIPP) data from "Male-Female Differences" report, Census Bureau, U.S. Department of Commerce, Current Population Reports, Household Economic Studies, Series P-70, no. 10. Hourly earnings by sex are not generally available.*

Some reduction of the gap is due to fall in men's real earnings

The wage ratio series presented in Table 1 show an improvement in the relative wages of women to men in recent years. As noted above, some of the improvement reflects real progress for women in the labor market. Some of the improvement of women relative to men is, however, due to the decline in men's earnings over this same period. Between 1979 and 1987, men's earnings in constant dollars have decreased, largely because of declining employment in high wage industries. Although men's earnings in 1984 and 1985 show an improvement in real (constant dollar) terms, they have still not reached their 1979 level. Moreover, in late 1986 and 1987, men's earnings resumed their downward drift. While nearly seven-tenths of the improvement in the female-male earnings ratio from 1979 to 1987 is due to an improvement in women's real earnings, over three tenths is due to the fall in men's real wages.

Table 2

Annual Earnings of Men and Women in Current and Constant Dollars
Full-Time Year Round Workers

	Current Dollars			Constant (1987) Dollars		
	Women	Men	Ratio	Women	Men	Ratio *
1979	$10,169	$17,045	59.7	$15,922	$26,689	59.7
1984	14,780	23,218	63.7	16,177	25,413	60.6
1985	15,624	24,195	64.6	16,508	25,565	61.9
1986	16,232	25,256	64.3	16,825	26,179	63.0
1987	16,909	26,008	65.0	16,909	26,008	63.4

* *Ratio calculated with men's real wages in 1979 as base; i.e. calculated as if men's real wages had not fallen.*

Source: Same as Table 1. Constant 1986 dollars calculated by adjusting current dollars by the CPI.

For women's wages to catch up to men's, their real wages must rise faster than men's, but men's need not fall. Had men's real wages not declined between 1979 and 1987, the female-male wage ratio would have been 63.4 in 1987. Women would not have made as much progress relative to men as they did. The difference (1.6) between the actual ratio (65.0) and the hypothetical ratio (63.4) is a measure of the amount of the increase in the ratio (5.3 = 65.0 - 59.7) due to the fall in men's real wages, 30 percent (1.6/5.3).

Women's work interruptions have little effect on wage gap

Women's lower earnings cannot be explained by work interruptions, although women have more interruptions from work than men do (47 percent of women at work in 1984 had at least one work interruption of 6 months or more since their 21st birthday compared to 13 percent of men). Female-male wage ratios are virtually the same for those workers with no interruptions as for all workers.

Table 3

Effect of Work Interruptions on the Female-Male Hourly Wage Ratio
Full-Time Workers, Ages 21-64 (SIPP Data, 20,000 households)

	Female-Male Hourly Wage Ratio	
	All Workers	Workers with No Interruption
All Occupations	69.5	70.5
Managerial or Prof. Occupations	67.4	67.9
Technical, Sales & Admins. Support	66.4	67.2
Service Occupations	69.3	70.4
Precision, Production, Craft or Repair	69.4	69.3
Operators, Laborers	70.0	70.0

Source: Current Population Reports, Series P-70, No. 10: Table 5.

The argument that a large part of the wage gap is due to women's interruptions in work for family reasons, interruptions that have been thought to reduce their skills and employability, is not borne out by the Census Bureau's study on male-female differences. In fact, the Bureau's study supports other studies that show that women recover relatively quickly from absences in the job market.

Rather than to differences in the human capital between men and women, the report points to labor market structure and unknown factors (which include discrimination) to explain the wage gap.

Job segregation critically affects wage gap

The argument that efforts to combat wage discrimination and job segregation are critically important is supported by the Census Bureau study. Its analysis supports the case for both pay equity and affirmative action.

a. The Census Bureau report supports the argument that much of the wage gap cannot be explained by differences in the qualifications of men and women workers. It finds, for example, that for non high-school graduates, differences in skill and experience between men and women account for only 27 percent of the wage gap. Among high

school graduates the proportion of the gap accounted for is 23 percent. Among college graduates, the proportion of the gap accounted for rises to 47 percent. But even among college graduates, fully one-third of the earnings gap between men and women cannot be accounted for by factors reasonably believed to be associated with productivity differences. Such large unexplained differences suggest that discrimination is still an important factor in the labor market. Improving women's education, training and experience is important, but wage differences would likely remain unless discrimination is also eliminated.

b. The Census Bureau report adds further evidence to the 1981 National Academy of Sciences report (Donald J. Treiman and Heidi I. Hartmann, eds., Women, Work, and Wages: Equal Pay for Jobs of Equal Value, [Washington, D.C.: National Academy Press, 1981]) that the female dominance of an occupation affects its pay. Using the percentage of women in an occupation as a measure of "occupational structure," the Bureau found that it accounted for between 17 percent (college graduates) and 30 percent (high school graduates and non-graduates) of the wage gap between men and women. This finding suggests that the pay equity strategy, which seeks to increase wages in female-dominated jobs, is a critical strategy for raising women's wages overall and is a more important strategy for raising women's wages among women who are not college graduates than among those who are.

Continued lower earnings for Blacks and Hispanics

Unpublished 1987 earnings data show that Hispanics and Blacks of both sexes continue to earn less than whites.

Table 4

Median Annual Earnings for Full-Time, Year Round Workers
Persons 15 and over
Whites, Blacks, Hispanics

	1987			1986		
	Women	Men	Ratio	Women	Men	Ratio
all races	$16,909	$26,008	65.0	$16,232	$25,256	64.3
White	17,034	26,677	63.8	16,442	25,927	63.4
Black	16,002	19,014	60.0*	14,734	18,339	56.8*
Hispanic	14,569	17,487	54.6*	13,386	16,815	53.4*
Black		19,014	71.3*		18,339	70.7*
Hispanic		17,487	65.6*		16,815	64.9*

* *The base for this ratio is the earnings of white men.*
Note: Persons of Hispanic origin can be of any race.
Source: 1986 and 1987 data from the Census Bureau, Series P-60, Nos. 159 and 162, Table 41.

Women's participation and earnings up in some occupations, but not all

Between 1979 and 1986, the proportion of women increased in many occupations, as did the female to male earnings ratio, but not in all.

The 1986 hourly earnings ratio is not available for many occupations, but presented here are a few illustrative examples of the changes that have occurred:

Table 5

Female/Male Hourly Earnings Ratio
Full-Time Workers
Selected Occupations

Occupation	1979		1986	
	percent female	earnings ratio	percent female	earnings ratio
Registered Nurses	94.6	82	92.7	91
Bookkeepers, accounting and auditing clerks	88.1	66	93.0	74
Nursing Aides, orderlies, and attendants	85.1	72	88.3	81
Administrative support occups., misc.	62.9	62	82.4	70
Social Workers	60.6	83	60.0	73
Computer Operators	56.6	69	63.8	73
Supervisors, food preparation and service occups.	41.6	72	48.2	67
Secondary School teachers	39.7	83	49.1	86
Accountants and auditors	34.0	60	44.7	72
Computer programmers	28.0	80	39.7	81
Janitors and cleaners	15.3	74	21.0	69
Supervisors, productions occupations	12.9	62	15.1	67
Lawyers	10.4	55	15.2	63

Source: Current Population Reports, Series P-70, No. 10: Table 11, p. 23; Table G, p. 5. Data for 1979 are from the 1980 Census of Population; data for 1986 are from the Survey of Income and Program Participation.

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